

**STEFAN JACOBY**

EXECUTIVE VICE PRESIDENT  
MARKETING AND SALES VOLKSWAGEN GROUP

September 5, 2007

The Honorable Jennifer Granholm  
Governor of Michigan  
George W. Romney Building  
Lansing, MI 48909

Dear Governor Granholm:

Dr. Ferdinand Piech and Prof. Martin Winterkorn have asked me to thank you and respond to your letter dated August 23, 2007, and to inform you of an important decision we are announcing tomorrow.

As you know, there has been much speculation regarding plans that Volkswagen might have to restructure and relocate the headquarters of its operations in the U.S. Most of the accounts have been based on rumors and were made far ahead of any decisions having been made by our management. Unfortunately, we have been unable to discuss these rumors directly with you or with anyone. We have been engaged in confidential business planning discussions about how to make our business in the U.S. the success it should be.

We are announcing tomorrow morning that we will relocate a streamlined headquarters operation to Northern Virginia. We will also restructure and streamline our important technical and financial operations, which will remain in Michigan.

While of course we do not expect you to agree, we hope that we can at least ask you to respect that we have not been able to discuss this change with you until now. Our negotiations with states that were candidates for our headquarters, negotiations with potential lessors, and the fact that our Board of Directors had not given its final approval, required us to maintain the confidentiality of this business decision. At the same time, the summertime shutdown in our Company meant that we were not in a position to receive you during your recent trip to Germany. I regret that these factors have made it difficult for us to discuss this subject directly before today. We appreciate the efforts you and your staff have made to contact us.

When I assume the duties of President and CEO of Volkswagen of America, I will be implementing a comprehensive new strategy for Volkswagen of America, Inc. that was approved by our Board of Directors in recent days. This calls for a greater focus on the needs of our customers, and on the way we develop, market and service our products for U.S. customers. We will be addressing five pillars of our business: products, organization, dealer network, brand positioning, and ultimately, depending on many factors, U.S. production.

We have determined that we need a new start and complete change of direction for Volkswagen of America. To do this, we will restructure and realign our Company to create a leaner, streamlined organization that addresses the most critical objectives to make us more successful and allow us to grow. The single most important factor is that we need to be closer to our customers, and to be more directly engaged in and responsive to customer needs and product trends in the key parts of the U.S. where we have the greatest potential.

The plan we are launching today includes the downsizing of our Company and the relocation of our streamlined headquarters activities to Northern Virginia. Several important activities will remain in Michigan. As you know, we presently have a workforce of approximately 1,400 employees and contractors in Michigan (800 are employees). The restructured Company will have 600 employees and contractors in Michigan. We will establish a new U.S. headquarters in Northern Virginia with approximately 400 employees. The operations and people we will keep in Michigan include key financial and technical functions that also represent excellent jobs for the community from an economic perspective.

The Chairman of our parent company's Supervisory Board, Dr. Piech; the Chairman of our parent's Board of Management and Chairman of the Board of Directors of Volkswagen of America, Prof. Winterkorn; and I all want to acknowledge the importance of Michigan to our Company. We have been a part of the community for 30 years, and we plan to remain a part of the community. Although the decision we have made about our headquarters location will not be seen as favorable, we hope and expect that our relationship with Michigan will continue to grow. If we are successful in carrying out this strategy, our presence in Michigan will grow along with our needs for local procurement, technical expertise, and other key aspects of our business. Michigan is and will remain an important global automotive center for the industry and for our Company.

We want to acknowledge the steady dialogue we have had with your office, the Michigan Economic Development Corporation, and your counterparts in Oakland County. On the many occasions when our executives have met with you and your colleagues, you have inquired about the needs of our business and urged us to consider expanding our operations in Michigan. You have made clear that Michigan is ready to put forward competitive economic proposals that could facilitate such investments.

The needs of our business today require that we make a fresh start at a new location on the East Coast. We did consider many competing locations, and discussed economic incentives as part of the competitive selection process. While we are certain that Michigan would have been prepared to make a compelling economic case, we must inform you that this could not have altered the fundamental logistical and strategic imperatives that motivate our decision to relocate our headquarters. With that being said, we must also say that the strength of Michigan as a business center, and the support it provides to businesses operating there, are key reasons we decided to maintain important functions in the State. We will hope to increase our activity in Michigan in the future.

Please accept my thanks for your support of our Company's presence in Michigan and for the efforts you have made recently and over the years to inform us of the steps that you have been prepared to take to maintain and increase our investment there. We look forward to many years of continued partnership with, and engagement in, Michigan.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. J. J. J. J." with a large, stylized initial "J" on the left and a long horizontal stroke extending to the right.